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STATE FOR EB/IFD/OIA AND NEA/ARP
STATE PASS USTR FOR SHAUN DONNELLY AND DOUG BELL
TREASURY FOR DEPSEC KIMMITT AND A/S LOWREY

E.O. 12958: DECL: 10/03/2016
TAGS: EWT EINV PREL ETRD EFIN AE
SUBJECT: DP WORLD VP ON STRATEGY MOVING FORWARD

Classified By: Ambassador Michel J. Sison for reasons 1.4 (b & d).

¶11. (C) Summary: On October 2, DP World Senior Vice President (Commercial) Michael Moore told Ambassador that the company planned to conduct an Initial Public Offering (IPO) though the time frame had not been finalized. He confirmed that the five short-listed candidates to buy its U.S. assets were carefully scrutinizing the financial and other data and that he remained hopeful that the sale would be concluded by November. He said that DP World CEO Mohamed Sharaf would be visiting Washington from November 13-16 to attend a GE summit of global transportation executives and would be seeking meetings with administration officials, members of Congress, the press, and other opinion shapers. Moore stressed DP World's interest in working as an active partner with the U.S. in improving port and container security and noted that DP World was the first global marine terminal operator to gain the ISO/PAS 28000 certification for its security management system. End Summary.

¶12. (C) On October 2, DP World Senior Vice President (Commercial) Michael Moore briefed Ambassador and Econchief on DP World's strategy for engaging with the U.S., the status of DP World's sale of its U.S. assets, and an upcoming November visit of CEO Mohammed Sharaf. He stressed that DP World's long term goal would be to reenter the U.S. market on a commercial basis, and that the strategy was designed to help achieve that goal.

IPO in the Offing?

¶13. (C) Moore told Ambassador that DP World planned to conduct an Initial Public Offering (IPO) of some portion of the company. He said that the public shares would likely be listed on the Dubai International Financial Exchange, with a secondary listing in London. Moore emphasized that the decision had not been made public and that there had been no final decision on the timing of the IPO. Moore confided that he believed that the IPO would likely be early in 2007, though he declined to say how much of the company would go public.

Progress on the Sale

¶14. (C) Moore briefly discussed the ongoing sale of DP World's U.S. assets. He explained that there were still five short-listed bidders, all of whom had received a management presentation and were analyzing the data. He said that he still hoped that the sale would be completed by November, but noted that none of the bidders were "industry players" (i.e., port operators), and were therefore scrutinizing the numbers

closely. Moore added that the U.S. trend appeared to be to have infrastructure funds looking at port management rather than large port operators like Maersk. As a result, he added, the investors were not as likely to invest in the long-term development of the ports, since they operated on "different business model." In contrast DP World is investing hundreds of millions of dollars in upgrading and expanding capacity.

DP World's Engagement Strategy

15. (C) Moore admitted that DP World had been caught by surprise at the reaction to its purchase of P&O's U.S. assets and had not done the outreach it needed to do in a timely fashion. Moving forward, he noted, DP World wanted to do a better job of outreach to media, Congress, the Administration, and key opinion makers. He said that DP World CEO Mohammed Sharaf would be visiting Washington from November 13-16 as part of DP World's outreach strategy. Sharaf would participate in a GE Conference on the 14th with 35 other senior global transport executives. On November 15 and 16, Moore said, DP World would be seeking meetings with key administration officials -- including Secretary of Treasury Paulson and Secretary of Homeland Security Chertoff.

Moore had already scheduled a meeting with Senator Warner (R-VA) and would also be seeking meetings with other members of the House and Senate. In addition, Moore said that Sharaf would be meeting with the editorial boards of major papers such as the Financial Times and the Wall Street Journal to make DP World's case.

16. (C) Moore stressed that DP World had already taken a number of steps to help improve security at its operations

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and wanted to be an active partner in security with the U.S. He explained that DP World was the 4th largest port company in the world in terms of volume (behind Hutchison, APM Terminals, and PSA), but in terms of the number of terminals managed (45), it was the largest and the most globally diversified. In addition, DP World was expanding rapidly. In less than seven years, he stressed, DP World would be 70% bigger than it currently is. The U.S. would need to work with DP World and visa versa. Moore explained that DP World was already a major participant in the Container Security Initiative, with 14 of its ports under CSI and added that the company had agreed to a U.S. request to expand CSI programs at Qasim, Pakistan and Pusan, South Korea on an expedited basis.

17. (C) Moore told Ambassador that DP world was the first global marine terminal operator to gain the ISO/PAS 28000 international certification for its security management system, when the head office and the Djibouti Container terminal were certified on September 7. The major U.S. ports, he noted, were not looking to achieve the certification until 2008. Moore said that DP World was looking at certifying 14 additional ports on an expedited basis, giving priority to ports "important to the U.S." including Pusan, South Korea, Southampton, UK and ports in China. DP World would continue to make the point that it preferred to work as an active partner with the U.S. on security, rather than just meeting U.S. legal requirements.

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